Synopsis for Ph D (Commerce)

Name of the student: **Dean Martin. C**
Assistant Professor in Commerce,
St.Thomas' College, Thrissur.
University of Calicut

Name of Supervising Guide: **Dr. Baby Joseph**
Supervising Guide,
Associate Professor in Commerce, Bharata Mata College,
Thrikkakara, Kochi-682021
Mahatma Gandhi University, Kottayam

Title of the Project: Retail Marketing in Kerala-Performance, Attitudes and Challenges.

Introduction

The word retail is derived from the French word 'retaillie', which means to cut off a piece or to break a bulk. A Retailer or retail store is any business enterprise whose sales volume comes primarily from retailing. Retailing includes all activities involved in selling goods or services to the final consumers for personal, non-business use. The origins of retail are as old as trade itself. Barter is the oldest form of trade. The industrial revolution saw the retailers evolving new methods of operations. The importance of food for the working class consumers and the difficulties faced by them in procuring the food products led to the emergence of co-operative societies in the united kingdom. The 1930 saw the emergence of super markets. The end of world war-II reordered the retail scene. The first hyper market that was developed was Carrefour in France on 1963. Shopping mall, a late 20th century development, was created to provide for the consumer's need in a single, self contained shopping area. The theories are developed to explain the process of retail development revolve around the importance of competitive pressures, investment in organizational capabilities and the creation of a sustainable competitive advantage, which requires the implementation of strategic planning by retail organizations. (a) Environmental- where a change in retail is attributed to the change in the environment in which the retailers operate.(b) Cyclical-where changes follows a pattern and phases can have definite

identifiable attributes associated with them and (c) Conflictual- where the competition of conflict between two opposite types of retailers, leads to a new format being developed.

With the growth of industrialization and urbanization, the distance between the manufacturer of a product and the actual consumer has increased. In our world, many products are manufactured in one country and sold to a market in another. Most producers no longer sell their products or services directly to the consumers, but instead use intermediaries to get their product to the final consumers. Some of the most common marketing channels are

A retailer not only needs to keep up with ever changing expectations and demands of the consumers but also keep to track of the competition and the changes in technology and the socio economic climate of the nation in which it is operating in. Marketing has developed in an evolutionary rather than a revolutionary fashion. The primary aim of modern business is to satisfy the consumer by meeting their needs and wants and through it make profit. Thus modern marketing has now become consumer oriented. Therefore every business firm has to find out first what the consumers want, how much they want, at what price they want and at what time they want.

There are lots of factors responsible for the growth of modern concept of marketing such as population growth, growing number of households, increase in the disposable income and changes in the attitudes towards life, technological development, growth of marketing channels and growth of mass communication media.

The Indian Retail Sector

The Indian retail sector is highly fragmented with 97% of its business being run by the unorganized retailers like the traditional family run stores and corner stores. The organized retail however is at a very nascent stage though attempts are being made to increase its proportion to 9-10% by the year 2012 bringing in a huge opportunity for prospective new players. The sector is the largest source of employment after agriculture, and has deep penetration into rural India generating more than 10% of India's GDP.

Today consumers are looking for higher values. Consumers are seeking a fair return in goods and services for their hard earned money and scarce time. They want products or services that meet their specific needs or wants and that are offered at competitive prices. Firms should attempt to find the most desirable balance between providing benefits to consumers and keeping their costs

down. Consumers expect a good value in the form of reasonable price, selection, quality and service.

Retailing in Kerala.

Retailing in Kerala is a subject too subtle and relevant as Kerala is known for more as a consumer state rather than a producer state. Kerala depends on her neighboring states for her consumer needs. Due to the large number of intermediaries involved and the transportation costs, the prices are high and there is a wide fluctuation in prices of groceries, fruits and vegetables. Groceries are brought directly from the neighboring states. In the process of direct purchase from farmers and manufactures, the intermediaries are removed and a part of the margin or 'profits' earned is disbursed among the consumers. It is concluded that the future of Retailing in Kerala looks bright and Marketing is not a function, it is the whole business seen from the consumer's point of view.

Statement of the problem.

India and especially Kerala is facing huge inflation. The Report of 64rd round of Sample Survey on 'Household Consumer Expenditure in India, 2007-08 ' carried out by National Sample Survey Organization (NSSO) relates to the period from July 2007 to June 2008. Monthly Per Capita Consumer Expenditure (MPCE) for a household is the total consumer expenditure over all items divided by its size and expressed on a per month (30 days) basis. The All India average Monthly Per Capita Consumer Expenditure (MPCE) for urban sector as per the report is Rs 1472. State-wise analysis reveals that Kerala had the highest MPCE of Rs. 1948 followed by Maharashtra (Rs. 1709), and Karnataka (Rs 1668).

Rural and Urban area of Kerala.

An analysis of the average consumer expenditure per person for a period of 30 days in various National Sample Survey Rounds shows that the percentage variation of consumer expenditure in Kerala over All India in the urban sector stood at 8.4 percent in 1983-84 while it was 29.5 percent in the rural sector. In 2000-01 it was 31.6 percent in urban areas and 70 percent in rural areas. During 2007-08 (64th Round) the percentage variation was 32.3 in urban areas and 79.1 in rural areas. In Kerala, only 20 per cent of the rural population belonged to households with

monthly per capita consumption expenditure (MPCE) less than Rs 588 during 2007-08 and 60 percent belonged to households with MPCE less than Rs. 1103. In urban Kerala, 20 per cent of the population belonged to households with MPCE less than Rs. 1659 and 60 percent belonged to households with MPCE less than Rs. 1332. As per the latest NSS Round (64 rd Round) during 2007-08, the average expenditure on food items per person for 30 days in the rural areas of Kerala was Rs.564.14 as against the All India figure of Rs 404.33. In the urban sector, the average expenditure on food items per person for 30 days during 2007-08 in Kerala was Rs 703.19 and on non food items the expenditure was Rs 1244.77 against the All India figure of Rs 582.43 and 889.11 respectively.

Kerala- A food deficit State.

Only 15% of the food grains required is produced here. Rest of the requirement is met from other States like Tamil Nadu, Andhra, Madhya Pradesh, Bihar, Gujarat etc. Therefore, Public Distribution System is very relevant for the State, where there is more than 75 % deficit in food grain production. The public distribution system headed with Kerala state civil supplies corporation (Supplyco) and also helped by the Co-operative sector with all consumer co-operative stores, Neethi stores (Associated with primary agricultural credit societies-PACS) and The Kerala State Co-operatives Consumers' Federation Ltd has gained enormous consumer support in recent years. The private retail outlets with various retail format especially supermarkets also catering the requirements of crores of consumers in Kerala. So major retail outlets in Kerala are

- Government retail outlets (Supplyco & PDS)- The supplyco has 1266 retail outlets-969 Maveli stores, 9 Mobile maveli stores, 3 Mini mobile stores, 8 Super markets, 267 Labham markets, 3 Hyper markets and 7 people's bazaars.
- Co-operative retail outlets (Consumer co-operative stores, Neethi stores and Consumerfed outlets)- The Consumerfed has 87 own retail outlets-85 Mega triveni/Little triveni Supermarkets,1 Mobile triveni, 1Floating triveni, 22 triveni godowns, 14 Neethi ware houses, 1 Triveni notebook unit, 1 Computer stationary unit and 1 Hurry curry powdering unit. The Neethi scheme started with the assistance of government of Kerala in 1997 has been successfully implemented through 1000 selected primary agricultural credit societies in all the districts of Kerala for the distribution of consumer goods at the lowest prices in rural areas. So the co-operatives have 1087 retail outlets.

- Private retail outlets-private sector has more number of retail outlets than government and co-operative outlets in the form of Margin free supermarkets, Varkeys supermarkets, Big Bazzars, Reliance super stores and other small/Big and Organized/Unorganized private retail outlets scattered all over Kerala.

Consumers and the Retail outlets under Government, Co-operative and Private Outlets.

Consumers are very keen in selecting the grocery products and retail outlets. Consumers are seeking fair goods/services for their hard earned money and scarce time. They want products or service that meet their specific needs or wants and that are offered at competitive prices with higher values. The study focus on the benefits/facilities/offers/services provided to the consumers in Kerala by major three types of retail formats. The purpose of government sector is not profit and maximization of profit but better service to the citizens of Kerala; ensure the availability of good quality and quantity products throughout Kerala. In the case of co-operatives, the objective is to satisfy the requirements of consumers especially members of co-operative society, again the objective is not the maximization of profit but better service to the consumers especially members. The private retail outlets are concerned, their modern objective is to provide and ensure consumer satisfaction and through providing exactly what they need and thus ensuring satisfaction, and earn profit.

These three different organized retail outlets-Government, Co-operative and Private are trying to cater the people of Kerala. How far these three retail formats can able to satisfy the consumers. Here the study is to assess the attitude level of consumers of Kerala over these three formats and also how far the various retail outlets can provide satisfaction over the key variables that may contribute to the consumer attitudes.

Objectives of the study.

1. To evaluate the consumer attitudes towards the government, co-operative and private retail outlets.
2. To assess the performance of government, co-operative and private retail outlets on the key variables that constitute consumer attitudes.
3. To evaluate the regional and urban/rural differences among consumers of Kerala over government, co-operative and private retail outlets.
4. To identify the major problems and challenges experienced by government, co-operative and private retail outlets and give suggestions for improving the performance of retail outlets in Kerala.

Major Hypothesis.

1. There is significant difference among the consumer's attitudes towards government, co-operative and private retail outlets.
2. There is no significant difference among the consumer's attitudes towards government, co-operative and private retail outlets in the three zones of Kerala.
3. There is significant difference in the consumer's attitudes towards government, co-operative and private retail outlets among the Urban and Rural Consumers.

Items to be observed.

Objective number One.

Age of respondents, Sex of respondents, Education of respondents, Occupation of respondents, Annual income of respondents, Religion, Residence, Retail general formats, Retail variables-Quality, Reliability etc., Retail sector wise analysis-Bakery, Cereals etc, Marketing presence, Who purchases, Time of purchase, Where place, Where store, Time zone, Duration, Distance, Door delivery and other Main problems and challenges.

Objective number two.

Period of operation, Type of organization, Type of ownership, Type of outlets, Branches and its size, Place of Operation, Different product sectors, Annual turnover, Number of employees, Floor area, Quality, Majority brand, Level of Stock, Service system, Shop location, Awards, Experience in the current format, Regularity of consumers, Discounts offered, Gifts /schemes, Credit facility and its percentage, Advertisement/ Business promotion, Parking facility, Children's play area, Computerized billing, Display models/Structures, Training/refreshment courses provided, Restrooms for employees, Attractive carry bags, Music in the store, Refreshment to consumers, Air Conditioning, Shopping hours, Lift system, Rate tags and price stickers, Availability of latest trends, Number of billing points, Safety measures –against fire, against natural calamity, against theft, Prompt service, Individual attention, Problem solving, Marketing presence, Majority purchases, sales promotions-daily gifts/Lucky draws, Credit point discounts-ceiling basis, Prizes-cars/washing machines/gold coins, Notices and advertisement materials, daily offers, Home delivery, Card discount scheme, scratch and win etc.

Objective three and four.

Derived from the key variables observed on objectives number one and two.

Methodology & Data Source and Collection.

The methodology to be adopted for a particular research project would depend up on the purpose and objectives to be achieved. The sampling is based on multistage sampling. On the first stage we divide the entire state into three zones namely south, central and north zones and two districts from each zone is selected. From the each district a sample of hundred consumers and eighteen retail outlets (six from each category-Government/Co-operative/Private retail outlets) is selected. Primary sources of data are used for the study. The required data has been gathers from primary sources. The collection of all relevant data and other basic information relating to the operations of the retail outlets have been collected from the retail outlets run by Government sector (Like Supplyco, Labham markets etc.), Co-operative sector (Triveni, Consumerfed and Primary Agricultural credit Societies-Neethi consumer stores) and from the private consumer retail outlets. Personal interviews, observations and discussion with the consumers of the retail outlet form part of the data and information gathering.

Out of the 600 respondents, scores of 3, 2 and 1 is given to respondents providing first, second and third ranks. The rank offered by the respondents is multiplied with the scores and a total figure is arrived and the same is divided with the number of respondents (May not be always 600 but the total actual respondents who gave any rank at all- zero rank is avoided). The arithmetic means of government, co-operative and private outlets are calculated and first rank is provided to the maximum mean score followed by second rank and third rank for the lowest mean score.

Techniques for Data Analysis.

On the basis of data collected the performance of the retail outlets is to be analysed by using statistical techniques. The objectively collected data has been suitably classified and arranged in tables in appropriate chapters. The Ratios and Percentages and Mean are calculated where ever it is appropriate. To check the validity of the results that we obtained in the section we use the Chi square- test given below whenever it necessary.

To test the hypothesis that two attributes are associated or not we used the Chi-square test for independence is defined as $\sum \frac{(O-E)^2}{E}$ where O refers to the observed frequencies and E for the expected frequencies (the ratio of the product of the row total and column total to the grand total).

The test is significant whenever the calculated value is greater than the tabled value. Or the p (Asymp. Sig.) value is less than 0.05. The Kruskal-Wallis Test is also used where ever it is appropriate. To calculate the value, apply the following formula:

$$H = \frac{12}{n(n+1)} \sum_{i=1}^{k} \frac{R_i^2}{} - 3(n+1)$$

Where, H = Kruskal-Wallis Test, n = total number of observations in all samples, R_i = Rank of the sample. Kruskal-Wallis Test statistic is approximately a chi-square distribution, with k-1 degree of freedom where n_i should be greater than 5. If the calculated value of Kruskal-Wallis Test is less than the chi-square table value, then the null hypothesis will be accepted. If the calculated value of Kruskal-Wallis Test H is greater than the chi-square table value, then we will reject the null hypothesis and say that the sample comes from a different population.

In the case of the ranking questions we adopted the weighted average techniques with values starting from the highest possible rank to the lowest and weight as the number of respondents. The weighted mean is calculated for each category and ranked according to the value. Mean percentage score is also used to assess the importance of each retail variables among the consumers.

Scope/Significance of the Study.

The Government/Co-operative /Private sector is trying to satisfy the same group of consumers of Kerala and at the same time these three formats have their own strengths, weaknesses, opportunities and threats. With this study each retail formats- Government/Co-operative /Private sector helps to understand the expectations of consumers and behave/act accordingly. Since modern marketing is consumer oriented and consumer satisfaction is the main goal, this study ensures immense knowledge about the attitudes of consumers and performance of Government/Co-operative /Private sector formats to the consumers of Kerala. Since the government and co-operative sector is not in the race of profit maximization and exploitation of consumers, profit analysis is completely avoided in the study.

Period of the Study.

The period of the study is from July 2008 to July 2011 covering three years.

Limitation of the study

The study is based on the consumers and retail outlets selected from the six districts of Kerala so that opinion drawn may not represent the entire Kerala.

Source

1. The economics of retailing, Paul Nystrom, 1951 pp. 117-139
2. Retail scenario most developed in Bangalore- Biju Kurien-DH News service2006
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4. Express Press release, Consumer durables sector sees pick-up sales in India, 2006
5. Retailing Management-Text & cases-Swapna Pradhan –Tata McGraw-Hill Publishing Company Limited-New Delhi-2007